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USDOC FOR OIO/ADESSARAN
AMCONSUL GUANGZHOU FOR FCS AND POL/ECON
STATE FOR EAP/CM
STATE FOR EB/ESP
NSC FOR PROSTRATE
NSC FOR ASIA
DEPARTMENT OF HOMELAND SECURITY FOR ICE/NATIONAL SECURITY
UNIT

E.O. 12958: N/A

TAGS: [BEXP](#) [CH](#) [ETRD](#) [ETTC](#) [PREL](#)

SUBJECT: PRE-LICENSE CHECK: D360560 XIAMEN CHANGELIGHT

REF: USDOC 4139 (07/19/06)

1. Unauthorised disclosure of the information provided below is prohibited by Section 12(c) of the Export Administration Act.

2. REFTEL requested a Pre-License Check (PLC) to be conducted at the facilities of XIAMEN CHANGELIGHT CO. LTD, No. 124 Chuang Ye Building, Pioneering Park, Xiamen, China (86-59-2392-1328) to determine the reliability of this company to receive U.S.-controlled items and technology. BIS License Application D360560 lists XIAMEN CHANGELIGHT as the potential ultimate consignee of arsine and phosphine chemicals to be used in the metal organic chemical vapor deposition process for manufacturing semiconductor materials. These items are classified under ECCN 3C004, valued at \$704,328, and are controlled for national security reasons. AIRPORDUCTS AND CHEMICALS INC., 7201 Hamilton Boulevard, Allentown, PA 18195(619-481-6207) is the license applicant and the intermediate consignee is SANCHANG IMPORT AND EXPORT (SHANGHAI) CO. LTD, Room 451, NQ 551 Lao Shan Cun, Pudong, Shanghai, China (86-21-5888-5100).

3. On August 3, 2006, ECO requested that the Department of Mechanical, Electrical and High-Technology Industries of the Ministry of Commerce (MOFCOM) arrange a pre-license visit to XIAMEN CHANGELIGHT CO. LTD in accordance with the Exchange of Letters on End-Use Visit Understanding. On August 22, 2006, MOFCOM scheduled this visit for August 25, 2006.

4. On August 25, 2006, ECO, accompanied by MOFCOM official WEI Jie and ZHAO Fuping, Xiamen Municipal Trade Development Bureau, High Technology Department, conducted a site visit at the premises of XIAMEN CHANGELIGHT CO. LTD, No. 124 Chuangye Building, Xiamen Pioneering Park for Overseas Chinese Scholars, Xiamn,

Fujian Province, and met with DENG Dianming, President and General Manager, and YE Sunyi, Assistant General Manager.

15. Mr. ZHAO and Mr. DENG disclosed that XIAMEN CHANGELIGHT is a spin-off from XIAMEN SAN AN ELECTRICAL COMPANY, which was previously the subject of a post-shipment verification visit. (COMMENT: Additional research by ECO confirmed that on October 26, 2004, at the request of BIS (USDOC 03899 (08/17/04), FCS-Beijing did conduct a post-shipment verification (PSV) end-use check relative to BIS export license D315956 at the premises of XIAMEN ANMEI OPTOELECTRONICS, which is a joint venture between XIAMEN SAN AN ELECTRONICS CO. LTD and a U.S. company, LANCASTER RESOLVE TECHNOLOGIES, LLC, which is affiliated with VEECO. Results of this earlier favourable PSV were reported via cable from Beijing on November 3, 2004.) Mr. DENG and Mr. YE both worked at XIAMEN SAN AN ELECTRICAL COMPANY during the previous PSV and described that end-use check in detail.

16. Mr. DENG stated that he, Mr. YE, and three other private investors whom he identified as WANG Weiyong, WEN Menli and ZHENG Shun formed XIAMEN CHANGELIGHT. Mr. DENG showed ECO a copy of the business license, registration no. 3502002560395, and MOFCOM official WEI Ji provided ECO with a copy of this document. According

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to Mr. DENG, XIAMEN CHANGELIGHT was started because his previous employer, XIAMEN SAN AN ELECTRICAL COMPANY, could not keep up with the demand for LED wafers. The core business for XIAMEN CHANGELIGHT will be the production of two-inch red/yellow LED wafers. This company has yet to commence operations and the building is still under construction. Mr. DENG anticipated starting operations in October with the first wafer run targeted for November, 2006.

17. XIAMEN CHANGELIGHT currently has ten employees and Mr. DENG anticipates hiring up to 100 employees. In response to questioning by ECO, which was based on a review of statements made in company literature regarding "foreign workers", XIAMEN CHANGELIGHT does not currently have any non-Chinese employees. XIAMEN CHANGELIGHT will use technical teams from foreign companies to install, calibrate and maintain equipment purchased from overseas. Mr. DENG further advised that he anticipates borrowing 20 to 30 thousand RMB from the bank but that equipment must first be in place in order to secure the loan. Mr. DENG stated that XIAMEN CHANGELIGHT has purchased a MOCVD tool from Germany, fault and gas detectors from Honeywell, and a hydrogen purifier from GenTech. Wafer blanks will be purchased from AST - "Tumei".

18. Mr. DENG stated that XIAMEN CHANGELIGHT does not currently have customers or confirmed orders; as there are no domestic or international standards for this product, XIAMEN CHANGELIGHT must make sample LED wafers for prospective customers to examine

before securing contracts.

¶9. ECO toured the facilities of XIAMEN CHANGELIGHT and observed construction in progress. The first two floors of the building will be the production line with offices on the third and fourth floors. ECO observed a 500 square metre clean room in the process of being constructed and noted air exchange and changing facilities. XIAMEN CHANGELIGHT is located in a new industrial park being developed by a private company under the direction of the Xiamen city government.

¶10. As part of this PLC, ECO requested, and MOFCOM and local Xiamen government officials agreed, to a drive-by visit of XIAMEN SAN AN ELECTRICAL COMPANY, which is the parent company of XIAMEN CHANGELIGHT and the end-user of U.S.-controlled items exported under BIS export license D314956 (see para. 5 above). This company occupies a multi-building campus with several thousand employees and appears to be active.

¶11. RECOMMENDATION - FAVOURABLE. Based upon the information available during this Pre-License Check, ECO recommends XIAMEN CHANGELIGHT CO. LTD as likely to be a reliable recipient of U.S.-controlled items and technology as described in REFTEL, to be used as described above.

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